

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 773 - SB 1214

March 30, 2011

SUMMARY OF BILL: Requires the Department of Correction (DOC) to reimburse all counties housing convicted felons in local jails at a minimum rate of \$40 per prisoner per day. Authorizes DOC to reimburse a county at a higher rate if the county can demonstrate that its reasonable allowable cost in housing a prisoner exceeds \$40. Specifies that the DOC reimbursement may include all reasonable allowable costs, including but not limited to, operational costs, personnel costs, transportation costs, medical costs, liability costs, capital expenditures, and debt service associated with the county facility. Requires DOC, in consultation with the Comptroller of the Treasury, to promulgate rules for determining reasonable allowable costs. Requires DOC to adjust the reimbursement rate based on the average consumer price index (CPI) on July 1, 2012, and each successive July 1. Prohibits DOC from lowering the reimbursement rate if the CPI decreases. Requires DOC, in the absence of documentation from a county regarding costs incurred, to reimburse that county at the maximum rate if the county has been reimbursed at that rate for three or more fiscal years. Requires the county to provide DOC with documentation necessary to determine the number of prisoner days for which the county is entitled to reimbursement.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$27,128,700

Increase Local Revenue - \$27,128,700

Assumptions:

- DOC anticipates 8,184 convicted felons will be housed in local facilities in FY11-12. Based on the current reimbursement cap of \$35 per inmate per day, DOC estimates the housing cost will be \$117,652,800.
- According to DOC, for FY11-12, county jails will receive reimbursement for a total of 2,995,411 inmate days. County reimbursement rates will be between \$40 and \$92.99 resulting in an increase in reimbursement to the county jails of \$27,128,662.31.
- Based on an average increase of three percent in the CPI, the estimate assumes an average increase in payment amounts of three percent beginning July 1, 2012, and each subsequent year. Pursuant to the proposed bill, if the CPI has a reduction, the reimbursement rate will not be reduced accordingly.

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- The Comptroller's Office currently consults with DOC as part of the audit of jail costs relative to the County Correctional Incentive Program. As a result, there will be no additional cost for the Comptroller of the Treasury to consult with DOC to determine reasonable allowable costs.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/lsc